Supporting a more skilled and educated workforce through:

- Affirming the Government’s strong commitment to introducing a textbook tax credit worth about $80 per year.

The Canadian economy recorded solid growth in 2005, largely driven by healthy increases in domestic demand. Private sector forecasts project that the economy will grow by 3% per year in 2006 and 2.7% in 2007. Forecaster project that the economy will grow by 3% per year in 2006 and 2.7% in 2007. Program expenses are projected to decline from 16.4% in 2004–05 to 15.5% per cent in 2007–08. The Government is committed to reducing growth in federal spending to a more sustainable level. Program expenses are expected to grow by 5.4% per cent in 2006–07 and 4.1 per cent in 2007–08, below the rate of growth of nominal GDP. Program expenses are expected to decline from 13.7 per cent in 2004–05 to 13 per cent in 2007–08.

FISCAL PLANS For 2005–06 the fiscal surplus is estimated at $58 billion. Starting with the current fiscal year, the Government is planning to reduce the deficit by $3 billion each year. Budget 2006 reduces taxes across the board and proposes targeted cuts to address specific priorities. As a result, revenues as a share of GDP are projected to decline from 16.4% in 2004–05 to 15.5% per cent in 2007–08. The Government is committed to reducing growth in federal spending to a more sustainable level. Program expenses are expected to grow by 5.4% per cent in 2006–07 and 4.1 per cent in 2007–08, below the rate of growth of nominal GDP. Program expenses are expected to decline from 13.7 per cent in 2004–05 to 13 per cent in 2007–08.

ACCOUNTABILITY Budget 2006 builds on the reforms of the Federal Accountability Action Plan to provide a more transparent budget planning framework and a firm commitment to reining in spending growth. Specifically:

- Budget plans and decisions will operate within a two-year spending frame.
- Budget 2006 is advancing by one year, to 2013–14, the goal of lowering the debt-to-GDP ratio to 25 per cent.
- The Government is committed to maintaining the rate of growth of spending through a new approach to expenditure management focused on results and value for money. The President of the Treasury Board will identify $1 billion of savings in 2006–07 and 2007–08, and report in the fall.

OPPORTUNITY Canadians pay too much tax. Budget 2006 delivers more tax relief to individuals than the last four federal budgets combined, and will reduce 65,700 low-income Canadians from the tax rolls altogether.

- A permanent reduction in the lowest tax rate to 15.5 per cent from 16 per cent as of July 1, 2006.
- A new $1,000 grant for apprentices.
- A new $500 tax deduction for tradespeople for the cost of tools in excess of $1,000 that they must acquire as a condition of their employment.
- Introducing a textbook tax credit worth about $80 per year for a full-time student, benefiting roughly 1.9 million post-secondary students.
- Affirming the Government’s strong commitment to agriculture by providing an additional $2 billion to the agricultural sector.
- Investing $400 million to encourage the long-term competitiveness of the forestry industry, to assist worker adjustment, and to address the pine beetle infestation.

Creating an environment for jobs and growth, through a more competitive tax system, by:

- Increasing the amount of small business income eligible for the 12-per-cent tax rate to $400,000 from $300,000 as of January 1, 2006.
- Reducing this tax rate to 11.5 per cent in 2008 and to 11 per cent in 2009.
- Reducing the general corporate income tax rate to 19 per cent from 21 per cent as of January 1, 2006.
- Eliminating the corporate tax surcharge as of January 1, 2006, two years ahead of schedule.
- Supporting a more skilled and educated workforce through:
  - Affirming the Government’s strong commitment to introducing a textbook tax credit worth about $80 per year.
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    - Supporting a more skilled and educated workforce through:
      - Affirming the Government’s strong commitment to introducing a textbook tax credit worth about $80 per year.

— Protecting Canadians by hiring more Royal Canadian Mounted Police (RCMP) officers, securing safe and reliable borders, bolstering defence and strengthening Canada’s role in the world.
— Creating greater opportunity for Canadians by reducing the GST to 6% effective July 1, 2006, and reducing personal and business taxes.
— Investing in our families and infrastructure.
— Restoring Fiscal Balance in Canada

• Accountability—Making the budget framework more transparent and limiting the growth of spending.
• Opportunity—Creating greater opportunity for Canadians by reducing the GST to 6% effective July 1, 2006, and reducing personal and business taxes.
• Families and Communities—Involving our families and communities by introducing Canada’s Universal Child Care Plan, tax relief for pensions and investments in public infrastructure.

The risks to the Canadian economy remain largely external: openness, better preparing for emergencies, bolstering the Canadian Mounted Police (RCMP) officers, securing safe and reliable borders, bolstering defence and strengthening Canada’s role in the world.
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A MORE PRODUCTIVE, COMPETITIVE ECONOMY

Canada’s economic performance in recent years has been strong, but future success cannot be taken for granted. To ensure our economic future is as bright as our past, the Government must continue to build on the framework put in place in 2000 to achieve our goal: a more productive, competitive economy.

Families and Communities

Budget 2006 invests in Canadian families and communities, making governments better places to work, play and grow.

The Government will help Canadians balance work and family through the Universal Child Care Benefit, which will provide all families with $100 per month for each child under age 6, effective July 1, 2006. This benefit will not reduce federal income-tested benefits.

Children’s Fitness Tax Credit

Budget 2006 proposes to introduce a tax credit to promote physical fitness among children, effective January 1, 2007. The credit will be provided on up to $500 in eligible fees for programs and services, and take steps to create a Canadian agency to develop core programs of physical activity for each child under age 16.

Public Transit for a Cleaner, Healthier Environment

The Government will provide up to $3.3 billion in additional funding support to provinces to address immediate needs, with: $460 million for improving education outcomes, $5.3 billion over the next five years to strengthen the Canadian Forces’ capacity to defend our nation’s sovereignty and security, $450 million for improving education outcomes, $975, effective immediately. Over the next two years it will also provide $307 million to enhance immigration settlement programs and services, and take steps to create a Canadian agency for assessment and recognition of foreign credentials.

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In addition to setting aside $2.2 billion to address the legacy of residential schools, investments in Canada’s Aboriginal communities include:

• $450 million for improving education outcomes, socio-economic conditions for Aboriginal women, children and families, and water supply and housing, on reserve.

• Up to $500 million to promote to address immediate pressures in off-reserve Aboriginal housing.

• Up to $300 million to terminate for affordability housing in the North.

Helping Immigrants Get Started

Budget 2006 delivers on the Government’s commitment to reduce the Right of Permanent Residence Fee to $490 from $975, effective immediately. Over the next two years it will also provide $307 million to enhance immigration settlement programs and services, and take steps to create a Canadian agency for assessment and recognition of foreign credentials.

RESTORING FISCAL BALANCE

In Budget 2006, the Government is committing to restore fiscal balance through a more open federalism, in a more open federation.

How Can I Get More Information on Budget 2006?

For more information, visit the Government of Canada web site at www фин. к.е. or by phoning:
1 800 0-Canada (1 800 622-6232)
1 800 995-3779 (TTY for the speech and hearing impaired/deaf)

You can also obtain copies of this brochure and other budget documents from:

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